

Message Text

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ACTION PM-05

INFO OCT-01 EUR-12 ISO-00 INR-10 EB-08 MCE-00 SS-15
L-03 CIAE-00 NSAE-00 ACDA-12 OMB-01 TRSE-00 AID-05
SSO-00 INRE-00 /072 W
-----114403 081434Z /64

O 081253Z JUN 78
FM AMEMBASSY MADRID
TO SECSTATE WASHDC IMMEDIATE 4853
SECDEF WASHDC IMMEDIATE
INFO USCINCEUR VAIHINGEN GER
CSA WASHDC
CDRUSASAC ALEXANDRIA VA
CDRUSACC FT HUACHUCA ARIZ
CDRUSACSA FT MONMOUTH NJ

C O N F I D E N T I A L SECTION 01 OF 02 MADRID 06435

SECDEF FOR ASD/ISA AND DSAA

CDRUSASAC FOR DRCDS

CDRUSACC FOR CC-CG

CDRUSACSA FOR CCM-CG

E.O. 11652: GDS
TAGS: MASS, SP
SUBJECT: TERRITORIAL COMMAND NET (TCN) FOR SPAIN

REF: (A) JUSMG-MAAG MADRID 051430Z JUNE 78
(B) SECDEF 221855Z MAY 78
(C) SECDEF 242336Z MAY 78

1. SUMMARY: GOS STRONGLY OPPOSES SUGGESTION (REF B) THAT
FMS TRUST FUND BE TAPPED TO COVER OUTSTANDING TCN PAY-
MENTS. ISSUE IS TO BE DISCUSSED IN SPECIAL SESSION OF
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JOINT COMMITTEE FOR POLITICO-MILITARY AFFAIRS ON JUNE 14,
AND PROBABLY THEREAFTER IN VISIT BY SPANISH ARMY TEAM TO
WASHINGTON. SPANISH HAVE ALSO RESERVED RIGHT TO RAISE
ENTIRE TCN PROBLEM AGAIN IN THE U.S.-SPANISH COUNCIL IF A
SOLUTION IS NOT SOON IN SIGHT. THIS MESSAGE REQUESTS
INSTRUCTIONS FOR USE ON JUNE 14. END SUMMARY.

2. GENERAL GRAVES' LETTER SUGGESTING THAT THE IMMEDIATE TCN FINANCIAL PROBLEM BE HANDLED BY DRAWING DOWN THE FMS TRUST FUND HAS HAD THE EFFECT OF ESCALATING TCN AGAIN FROM THE ARMY-TO-ARMY LEVEL TO THE POLITICAL LEVEL OF GOVERNMENT. ON JUNE 1, CHIEF JUSMG-MAAG RECEIVED SPANISH ARMY CHIEF OF STAFF LINIERS' RESPONSE TO GENERAL GRAVES (REF A). THIS RESPONSE TOOK OBJECTION TO THE TONE OF THE GRAVES LETTER, REJECTED THE DRAWING DOWN OF THE TRUST FUND, AND ARGUED THAT TCN IS NOT A STANDARD FMS CASE BUT ONE IN WHICH THE MOU SPECIFICALLY PROVIDES FOR RESOLUTION OF DIFFERENCES AT THE POLITICAL LEVEL (I.E., THE "JOINT COMMITTEE" UNDER THE 1970 AGREEMENT, THE SUCCESSOR TO WHICH IS THE U.S.-SPANISH COUNCIL).

3. ON JUNE 6, LINIERS AND THE SPANISH DIPLOMATIC AND MILITARY CO-CHAIRMEN OF THE COUNCIL'S JOINT COMMITTEE FOR POLITICO-MILITARY ADMINISTRATIVE AFFAIRS (PMAA) MET WITH SPANISH MOD OFFICIALS TO REVIEW THIS MATTER. THIS PRODUCED A FURTHER INITIATIVE IN THE NEXT REGULAR PLENARY MEETING OF THE PMAA THE FOLLOWING DAY. AT THIS MEETING THE SPANISH SIDE TABLED A MEMORANDUM (TEXT BY SEPTTEL) WHICH CONCLUDED THAT EARLIER U.S. APPEALS IN THIS COMMITTEE TO GIVE MORE OPPORTUNITY FOR ARMY-TO-ARMY CONTACTS TO RESOLVE REMAINING ISSUES HAD NOT BEEN PRODUCTIVE, AS EVIDENCED BY THE GRAVES LETTER, THAT THEREFORE THE DECISION HAD BEEN MADE TO RAISE THE MATTER FORMALLY NOW IN THE CONFIDENTIAL

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PMAA, AND EITHER TO RESOLVE IT THERE OR TO RAISE IT FURTHER IN THE COUNCIL. THE MEMORANDUM SPECIFICALLY REJECTED THE PROPOSAL FOR DRAWING DOWN THE TRUST FUND, AN ACTION WHICH IT INSISTED SHOULD BE SUSPENDED PENDING A DECISION IN THE COUNCIL. ALSO OBJECTED TO WAS THE LEVEL OF SIGNATURE OF A LETTER ON THIS MATTER ADDRESSED TO THE SPANISH ARMY CHIEF OF STAFF. THE MEMO FURTHER URGED TALKS AT THE EXPERT LEVEL AND STATED THAT THE GOS INTENDS NO REPEAT NO FURTHER PAYMENTS WITHOUT HAVING GUARANTEES OF THE EFFECTIVENESS OF THE SYSTEM AND RESOLUTION OF TECHNICAL PROBLEMS IN A MANNER WHICH ASSURES THAT TCN FULFILLS THE OBLIGATIONS ASSUMED BY THE USG.

4. THE SPANISH DIPLOMATIC CO-CHAIRMAN OF THE PMAA ELABORATED ON THIS MEMORANDUM ORALLY IN A CORDIAL MANNER BUT USED, FOR THE RECORD, STRONG WORDS, TERMING THE GRAVES' PROPOSAL "INADMISSIBLE", THE TONE OF THE LETTER "THREATENING", AND THE JUNE 15 DEADLINE "PEREMPTORY". HE PROPOSED, INDEED INSISTED, THAT A SPECIAL SESSION OF THE JOINT COMMITTEE WITH EXPERTS BE HELD SOON AND GAVE FOREWARNING THAT UNDER SPANISH LAW THE GOS COULD NOT PAY

FOR TCN COSTS NOT ATTRIBUTABLE TO SPANISH ERROR.

5. THE U.S. SIDE REVIEWED IN SOME DETAIL THE DISCUSSIONS OF EARLIER THIS YEAR, THE SPECIAL U.S. ARMY EFFORT NOW UNDERWAY TO RESOLVE TECHNICAL PROBLEMS, AND THE IMPORTANCE FOR THE SUCCESS OF THOSE EFFORTS OF MAKING PAYMENTS AS THEY COME DUE IN ORDER BOTH TO MEET THE LEGISLATIVE REQUIREMENTS PLACED ON THE U.S. ARMY AS A CONDITION OF ITS COOPERATION WITH THE SPANISH ARMY AND TO PREVENT LEGAL ACTIONS FROM THE CONTRACTOR WHICH WOULD ONLY MAKE RESOLUTION OF THE TECHNICAL ISSUES MORE DIFFICULT. THE REASON FOR GENERAL GRAVES' SIGNATURE OF THE LETTER TO THE SPANISH ARMY CHIEF OF STAFF WAS EXPLAINED, AS IT HAD BEEN

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EARLIER DURING CHIEF JUSMG'S CALL ON GENERAL LINIERS.
THE U.S. SIDE OFFERED ASSURANCES THAT THE NEGATIVE REPLY FROM THE SPANISH GOVERNMENT WITH RESPECT TO DRAWING DOWN THE TRUST FUND PLACED THAT MATTER IN SUSPENSION FOR THE

TIMEBEING.

6. A SPECIAL SESSION OF THE PMAA, WITH EXPERTS, HAS BEEN SCHEDULED FOR THE MORNING OF JUNE 14, TO DEAL WITH THIS MATTER FURTHER. WE WOULD EXPECT THAT THE APPROACH TAKEN BY GOS REPS IN THIS MEETING WILL ESSENTIALLY PARALLEL THE VIEWS EXPRESSED TO THE VIOLETTE TEAM DURING AND AFTER ITS CONFIDENTIAL

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VISIT TO MADRID IN FEBRUARY. THE SPANISH GOVERNMENT ALSO MAINTAINS ITS INTEREST IN SENDING A TEAM OF SPANISH ARMY EXPERTS TO WASHINGTON FOR TALKS, SOMETHING WHICH WE UNDERSTAND HAD BEEN PROPOSED EARLIER IN A LETTER TO ARMY CHIEF OF STAFF ROGERS FROM THE SPANISH CHIEF OF THE HIGH GENERAL STAFF, LT. GENERAL GALARZA, IN RESPONSE TO GENERAL ROGERS' LETTER OF MARCH 7 ON TCN.

7. MAJOR GENERAL GROMBACHER, CG USACC, IS NOW COMPLETING HIS SECOND VISIT THIS SPRING TO SPAIN AND HAS PREDICTED TO US THAT RESOLUTION OF THE TECHNICAL ISSUES MAY BE SOME FIVE MONTHS AWAY.

8. ACTION REQUESTED: WE WILL REQUIRE INSTRUCTIONS FOR THE JUNE 14 MEETING, AND AN INDICATION AS TO WHETHER WASHINGTON AGENCIES WILL BE REPRESENTED. WE WOULD ALSO APPRECIATE RECEIVING AN EARLY INDICATION AS TO HOW SOON A SPANISH EXPERT TEAM COULD BE RECEIVED IN WASHINGTON FOR MORE DETAILED TALKS.

9. WE WONDER IF IT MIGHT BE POSSIBLE TO SUGGEST TO ITT THE UTILITY FOR ITS LARGER INTERESTS IN SPAIN OF ITS OFFERING TO ASSUME THE BURDEN OF NON-PAYMENT OF CLAIMS UNTIL AFTER THE TECHNICAL ISSUES ARE RESOLVED TOWARD THE END OF THIS YEAR. IF WE COULD GET SUCH AN OFFER, IT MIGHT HELP GREATLY IN PERSUADING THE SPANISH GOVERNMENT AT LEAST TO PAY NOW ALL BILLS RELATED TO THE BASIC PRICE OF THE CONTRACT. WE THINK IT ALSO MIGHT BE USEFUL TO REVIEW WHETHER THERE ARE ANY POSSIBILITIES FOR SPEEDING UP THE PACE AT WHICH TECHNICAL ISSUES ARE BEING RESOLVED.
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Status: NATIVE
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